

Forrester Opportunity Snapshot: Digimarc August 2018

Consumers Cringe At Slow Checkout

Shoppers Want Faster Checkout And Are Willing To Switch Stores For A Better Experience

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Retailers Have Huge Opportunity To Deliver A Better Checkout Experience

Forrester's study found that the checkout experience and the length of the checkout line are very important to shoppers. Shoppers revealed that short lines and a fast and accurate checkout experience are as important as location, price, and assortment. Shopper loyalty is not fixed, and meeting front-of-store expectations can influence the almost 40% of shoppers who are not loyal to a single grocery location, making checkout an even more important area of investment for retailers to satisfy today's busy shoppers.

In January 2018, Digimarc commissioned Forrester Consulting to explore how shoppers feel about their shopping experiences and how a fast, accurate, and easy checkout experience impacts their shopping behavior.

This report offers you a chance to "Ask Yourself" about your store's checkout experience.

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Demographics

Custom survey of 1,000 grocery consumers in the US

2 telephonic interviews with grocery retailers



Gender

- › 48% Female
- › 52% Male



Age

- › 44% 18-34
- › 34% 35-54
- › 22% 55+



Purchased in last two weeks

- › 100% Food/beverage/groceries
- › 56% Apparel
- › 56% Health goods
- › 49% Health products

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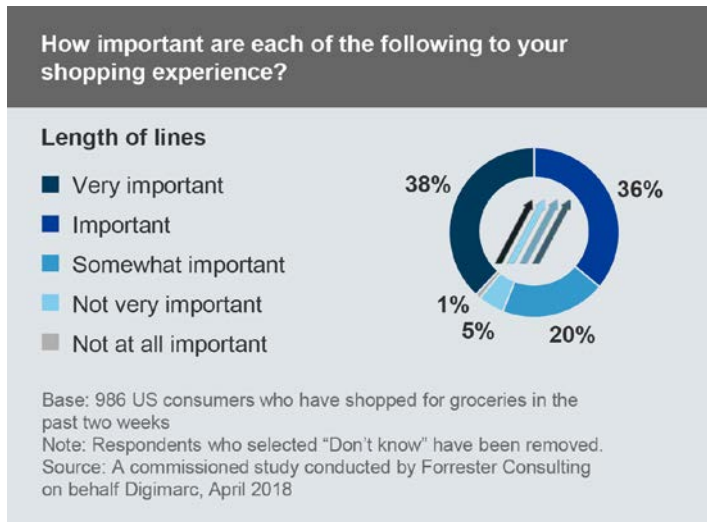
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Front-Of-Store Experience Is Very Important To Shoppers

A myriad of factors influence a shopper's experience. The study revealed three of the most crucial: The first two are price and location. However, the third factor — checkout experience — was a little less obvious. While it's no surprise that customers don't want to wait in long lines and have slow checkout processes, the extent to which they care might surprise many retailers.

Our survey respondents rated checkout experience as more important than factors like customer service, frequency of sales, and store layout:

Ask Yourself: What level of importance are you placing on line length or speed of checkout at your stores? How does that compare to priorities like price, store layout, and customer service?



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Shoppers Are Least Satisfied With Line Length

Despite the importance shoppers place on line length and checkout experience, consumers say retailers are not delivering a satisfactory experience.

In the study:

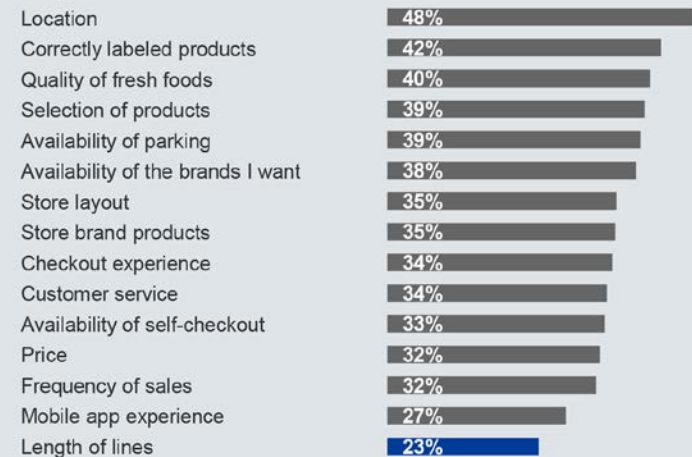
- Line length was rated dead last in terms of satisfaction by shoppers.
- Even price was rated more satisfying than line length.

Ask Yourself: *How satisfied are your shoppers with the length of lines in your stores? How are you measuring customer experience and speed of checkout? How do those insights influence your priorities?*

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How satisfied are you with each of the following parts of your shopping experience?

Very satisfied



Base: 1,000 US consumers who have shopped for groceries in the past two weeks

Note: Respondents who selected "Don't know" have been removed.

Source: A commissioned study conducted by Forrester Consulting on behalf of Digimarc, April 2018

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Long Lines Steal From Your Bottom Line

A slow checkout experience will clearly hurt customer satisfaction. But the impact goes deeper than that; it is also hurting retailers' bottom lines. Over half of shoppers are willing to spend less in your store, or even walk away entirely, to avoid a slow checkout.

RESPECT SHOPPERS' TIME OR LOSE THEM

Shoppers today have less time than ever to get their grocery shopping done, and they want it to be a fast and easy experience.

- The study revealed that 70% of shoppers have abandoned shopping trips.
- Long lines are the most common reason for trip abandonment.

Ask Yourself: *How much potential revenue do you lose due to slow checkout? Could that lost revenue defray the cost of investing in checkout technologies?*

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What actions would you take to avoid a slow checkout experience?

Revenue loss action



Base: 1,000 US consumers who have shopped for groceries in the past two weeks
Source: A commissioned study conducted by Forrester Consulting on behalf of Digimarc, April 2018

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Don't Lose Customers From A Poor Checkout Experience

Retailers certainly know a poor checkout experience and long lines can result in lost business. A director of purchasing and administration at a global grocery chain said, *“One of the main reasons for abandonment is long checkout lines; people get frustrated at that point of their shopping, and they decide that it's not worth their time to wait.”*

AVOID LOSING SHOPPERS PERMANENTLY

The risk to retailers goes beyond a one-time loss due to abandonment. Three-quarters of shoppers do not exclusively shop at any single grocery store, indicating that shoppers will not hesitate to bring their business to a competitor for a better checkout experience.

- Long lines and poor checkout experience are the third highest reason shoppers would shop elsewhere.

Ask Yourself: *Do you know whether your shoppers are turning to eCommerce options instead? How has the rise of eCommerce changed your perspective on the checkout experience?*

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What factors of the shopping experience would prompt you to shop elsewhere for your groceries?

Top ranked factor



Base: 1,000 US consumers who have shopped for groceries in the past two weeks

Source: A commissioned study conducted by Forrester Consulting on behalf of Digimarc, April 2018

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Labor Challenges Contribute To Long Lines, Highlighting Need For Tech Solutions

Having better staffed stores certainly would help shorten lines. However, for many retailers this is not a practical solution. Labor is expensive and often not even available.

- The VP of IT infrastructure and application development at a regional US grocery chain lamented that adding another checkout lane often means removing a bagger, which still causes slow downs.
- This VP also told us that the chain has almost 600 open positions at its stores, and labor shortage is a real issue.

Life isn't slowing down for shoppers. They are often stopping by the grocery store to grab a quick ready-made option for dinner, and a slow checkout experience can have a big impact on their night.

Ask Yourself: *Are you able to help line length by adding additional cashiers/baggers? Is labor your most cost-efficient solution to long checkout lines? Are there technology solutions that would be more cost-efficient?*

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“If anything is causing long lines, it is labor. We have a lot of open positions at our stores. It is challenging to keep people on the front end.”

VP of IT infrastructure and application development at a regional US grocery chain



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Speed Is A Competitive Differentiator

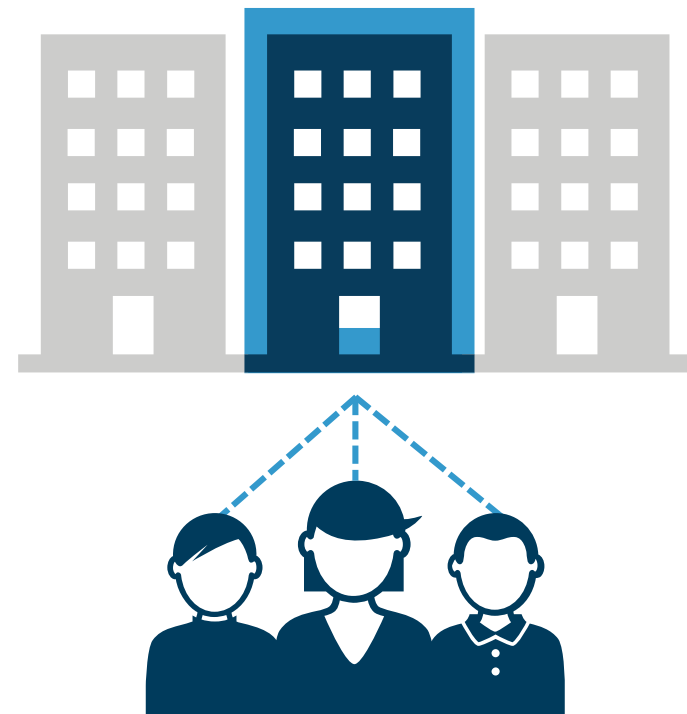
The survey shows that shoppers place a high level of importance on fast checkout, making improvements in speed an important opportunity for retailers ready to invest. Retailers that prioritize checkout efficiency aren't only positioned to satisfy customers, but also to attract new shoppers who aren't willing to wait in long lines.

MAKE FAST CHECKOUT A COMPETITIVE ADVANTAGE

Forrester forecasts that over the next five years, online grocery shopping will nearly double, growing from \$185 billion in 2018 to \$334 billion in 2022*. To compete with the speed and convenience of online shopping, retailers must make the in-store experience better. Surveyed consumers say that means faster checkout among other amenities.

Ask Yourself: *How are you differentiating yourself from your competitors at checkout? Are you losing customers to them or are they losing customers to you?*

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Use Technology To Keep And Delight Customers

Retailers are already watching for opportunities to improve the in-store experience. In an interview with Forrester, the director of purchasing and administration at a global discount grocery chain said, *"We are looking at different types of checkout technology. [We ask] ourselves: Is it going to be faster? Is it going to save labor? As technologies changes, we keep our eye on it."*

What grocers need is technology that improves the customer's experience or lowers operational cost in the store — preferably both. Some grocers may rightfully be reluctant or unable to hire more cashiers due to labor shortages; they must instead turn to technology solutions that reduce labor costs and create faster and more accurate checkout experiences.

The findings from Forrester's survey clearly show that improving customer satisfaction through innovation should be an immediate focus for retailers.



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Grocers have a tremendous opportunity to make themselves stand out from their competition by providing a fast, accurate, and easy checkout experience. By shortening checkout lines with fast and accurate scanning technology, grocers can create a superior customer experience and stand out from their competitors. Technology that improves the checkout experience must continue to be a high priority for retailers eager to keep shoppers in the store and away from competitors and online alternatives.

METHODOLOGY

This Opportunity Snapshot was commissioned by Digimarc. To create this profile, Forrester Consulting completed a custom survey of 1,000 US and two telephonic interviews with US-based retailers. The survey was completed in April 2018.

*Forrester Data: Online Grocery Retail Forecast, 2017 To 2022 (Global), Forrester Research, Inc., April 12, 2018

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